

First Capital Mutual Fund

DIRECTORS' REPORT

The Board of Directors of First Capital Investments Limited ("FCIL" or "Management Company") is pleased to present the annual report of First Capital Mutual Fund ("the Fund" or "FCMF" or "the Scheme") together with the annual audited financial statements of the Fund for the financial year ended 30 June 2018.

EQUITY MARKET REVIEW

During the period under review PSX-100 index (the benchmark) shed around 4,654 points to close at 41,910.9 points which is a decline of around 10.00%, as compared to gain of 23.24% in the same period last year. During the last eight years it was the first negative return for equity investors. A host of factors can be attributed to this lackluster performance of the stock market. Contrary to the market expectations, continued sell-off by the foreign investors in FY18 despite up-gradation of PSX into a widely followed MSCI Emerging Index from Frontier Market, shook investors' confidence.

The FY-18 commenced on a negative note and cumulatively decreased by 13.09% during the first half of the year due to political uncertainty after disqualification of ex-prime minister. Investors' anxiety amplified during the court proceedings on the JIT report with the benchmark KSE-100 Index hitting a low of 40,958.65 levels (down 12.04% on financial year to date basis) on September 7, 2017, a cumulative decline of 22.54% from the all-time high levels hit on May 24, 2017. President Trump's allegation that Pakistan offers safe haven to terrorist organizations led to further decline in Pakistan stock market. Penalty imposition on HBL's New York branch and uninteresting corporate results for the September quarter also deteriorated investor's confidence. Further, the 21-day prolonged sit-in in the Federal Capital by a religious group also led the market toward uncertainty.

During the 2nd half of the year, the equity market remained volatile due to rise in both domestic & regional political noise, dwindled economic condition in the shape of widening of Current Account Deficit (CAD) and a mix of positive and negative news flows in the market. The equity market released some pressure, mainly on the back of some improvements in domestic politics as the Election Commission of Pakistan announced/scheduled the Senate election 2018. The expectations for currency depreciation and consequent firming up of interest rate hike boosted the investor's confidence to restore export competitive. Furthermore, expectations for some tax relief for the capital market and listed sectors in the upcoming federal budget also support the market.

On the flip side, during the 2nd half of the year, the market remained under pressure due to the economic and political factors; however rumors that Pakistan could be placed on FATF's black list with associated economic & financial implications, continued heightened domestic political uncertainty ahead of upcoming general elections, and growing concerns over deteriorating external account imbalances and depleting foreign exchange reserves caused the market to slide. Moreover, Moody's downgraded Pakistan's credit rating from stable to negative and below expectation corporate results with mixed earnings reports failed to provide any trigger to the market.

FUND PERFORMANCE

During the period under review, the Fund has reported net loss after taxation of Rs. 43.768 million as compared to profit of Rs. 33.115 million in the corresponding period last year. The Fund has stated capital loss on sale of Investments of Rs. 32.161 million during the FY-18 as compared to gain of Rs. 46.725 million in the same period last year. The unrealized diminution on re-measurements of investments at fair value through profit has recorded at Rs. 12.531 million during FY-18 as compared to

First Capital Mutual Fund

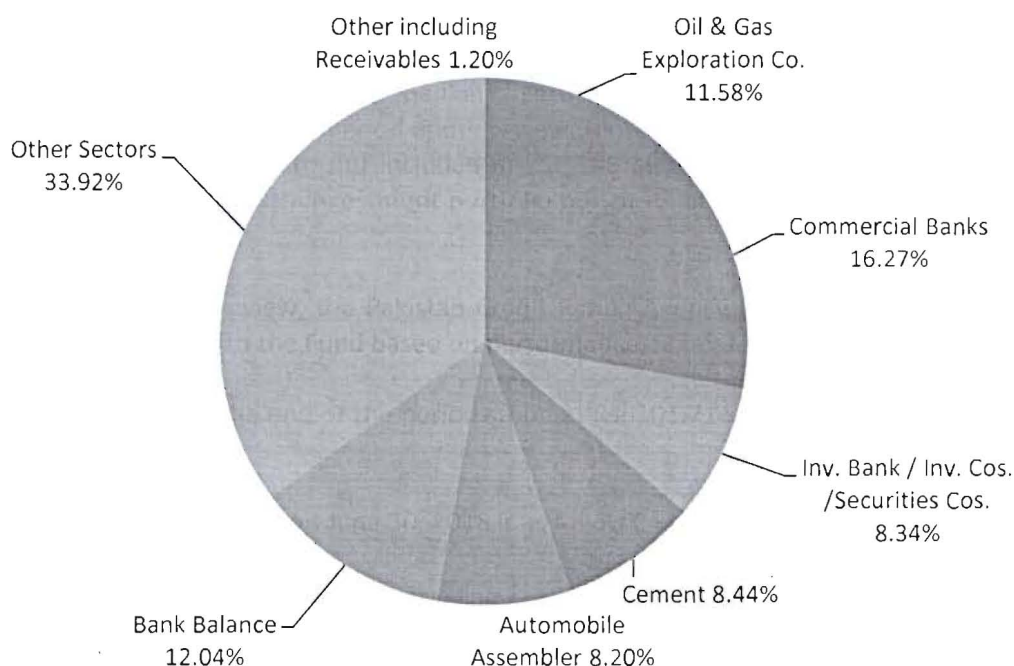
diminution of Rs. 23.873 million in the corresponding period last year. Total expenses of the Fund for the period under review decreased to Rs. 6.910 million from Rs. 8.691 million in the corresponding period last year.

In terms of Net Asset Value ("NAV"), the NAV per unit of FCMF has decreased from Rs. 12.5359 to Rs. 9.2627 (Ex-Div) while declaring dividend during the period under review. The benchmark of the Fund is KSE-100 index. During the period under review, the NAV of the Fund has decreased by 23.35%, as compared to its Benchmark's ("KSE-100 index") negative return of 10.00%, for the same period. Thus, the Fund has underperformed the Benchmark by 13.35%. The Fund underperformed the benchmark mainly on the back of low-weight in Banking, Fertilizer sector and zero-weight in Technology & Communication sector, during the period under review. Moreover, the investment portfolio of the Fund includes certain scrips, which are not included in KSE-100 index. The investment portfolio mix of the Fund is not aligned exactly with investment portfolio mix of its benchmark in order to generate better return.

During the period under review, the Pakistan Credit Rating Agency ("PACRA") has assigned "1 star" 1 Year performance ranking to the Fund based on performance.

The Fund size of FCMF at the end of the period stood at Rs. 101.714 million as compared to Rs.208.148 million as at June 30, 2017.

The asset allocation of FCMF, as on June 30, 2018 is as follows:



The Management Company is continuously striving for the improvement in performance of the Fund. However, the objective is to focus on outperforming the market and consistent returns in the long run but does not conceptualize upon aggressive high risk strategies to give the best return in the short run.

INCOME DISTRIBUTION

Due to net loss for the year, no distribution has been made for the year ended 30 June 2018.

First Capital Mutual Fund

TAXATION

On account of net loss, no provision for taxation was made in the financial statements of the Fund for the year ended 30 June 2018.

EXPENSE RATIO

The Scheme has also maintained Total expense ratio ("TER") 4.15% (including 0.59% government levies) during the period under review, within the limit of 4.00% (excluding Government Levies) prescribed under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

RISK DISCLOSURE

A description of the principal risks and uncertainties emanating from various factors include, but are not limited to:

1. Equity Risk - Companies issue equities, or stocks, to help finance their operations and future growth. The Company's performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.
2. Government Regulation Risk - Government policies or regulations are more prevalent in some securities and financial instruments than in others. The schemes that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
3. Credit Risk - Credit Risk arises from the inability of the issuers of the instruments or counterparties, to fulfill their obligations. The risk is generally limited to principal amount and accrued interest there on, if any.
4. Price Risk - Changing value of a security or a fund can be mostly due to stock/fund price fluctuations. Price Risk is the biggest risk faced by all investors and price risk can be minimized through diversification and efficient fund management.
5. Liquidity Risk- Liquidity risk arises when a transaction cannot be conducted at prevailing market prices due to insufficient market activity.
6. Market Risk – Market risk is the risk that the change in fair value or future cash flows of the financial instruments may fluctuate as a result of changes in market prices.
7. Settlement Risk - The risk that counterparty will not deliver the security or cash for a trade it has entered into, on time.
8. Events Risk - There may be adjustments to the performance of the Scheme due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.

First Capital Mutual Fund

9. Redemption Risk - There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.

MANAGEMENT QUALITY RATING

During the period under review PACRA re-affirms the asset manager rating of FCIL at "AM4++" (AM Four Plus). The rating reflects the Management Company's adequate capacity to manage risks inherent in the asset management business and the asset manager meets investment management industry standards and benchmarks.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the state of affairs, the results of its operations, cash flows and statement of movement in unit holder's Fund;
2. Proper books of accounts of the Fund have been maintained;
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
4. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 & Non -Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements;
5. The Directors are responsible to ensure that a system of sound internal control is established, which is effectively implemented, maintained and monitored at all levels within the fund;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the list regulations.
8. A Performance table of the Fund is given in the Annual Report;
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements;
10. The statements as to the value of investments of Provident Fund is not applicable in the case of the Fund as employees post-employment benefits expenses are borne by the Management Company;
11. The detailed pattern of unit holding is disclosed in the note 26 of these financial statements.
12. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO,

First Capital Mutual Fund

and the Company Secretary and their spouse and minor children;

13. The Board of Directors of the Management Company held five meetings during the period. The attendance of all directors is disclosed in the note 29 to these financial statements.
14. The Company encourages representation of independent non- executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at 30 June 2018, the Board included:

Category	Name
Independent Director	1. Syed Nadeem Hussain 2. Jawad Saleem
Executive Director	1. Imran Hafeez
Non-Executive Director	1. Asif Pervaiz

Committee of the board

Audit Committee

Mr. Jawad Saleem (Chairman)
Syed Nadeem Hussain (Member)
Mr. Asif Pervaiz (Member)

Human Resource and Remuneration (HR&R) Committee

Syed Nadeem Hussain (Chairman)
Mr. Imran Hafeez (Member)
Mr. Jawad Saleem (Member)

The composition of the Board of Directors and sub committees shall be changed in due course of time as per deadlines provided in new code of Corporate Governance.

AUDITORS

The present auditors M/s. KPMG Taseer Hadi and Co., Chartered Accountants retire and offer themselves for reappointment. The Board of directors has recommended their appointment as auditors of the Fund for the year ending 30 June 2019, at a fee to be mutually agreed.

TRANSFER OF MANAGEMENT RIGHTS OF FCMF

The Board of Directors of the Management Company during the year approved the transfer of management rights of FCMF to 786 Investments Limited, being new management Company, and thereafter voluntary retirement and surrendering of Asset Management License to Securities and Exchange Commission of Pakistan ("SECP"). The matter requires prior approval of SECP which is pending with SECP.

DIRECTORS TRAINING PROGRAM

The Board arranged no training program for its directors during the year. However, as on June 30, 2019 half of Directors on the Board will have certifications under the Directors' Training Program offered by institutions that meet the criteria specified by the SECP.

First Capital Mutual Fund

ACKNOWLEDGMENT

We are thankful to our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, the Trustee (Central Depository Company of Pakistan Limited) and the management of Pakistan Stock Exchange Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board of
First Capital Investments Limited



Asif Pervaiz
Director



Imran Hafeez
Chief Executive Officer/Director

Lahore:
05 October 2018

فرسٹ کیپٹل میوچل فنڈ

ڈائریکٹرز کی رپورٹ

30 جون 2018ء اختتام پذیر سال کے لئے فرسٹ کیپٹل انویسٹمنٹ لمیٹڈ (”FCIL“ یا ”انتظامی کمپنی“) کے بورڈ آف ڈائریکٹرز فرسٹ کیپٹل میوچل فنڈ (”فنڈ“ یا ”FCMF“ یا ”سکیم“) کی سالانہ رپورٹ بمعہ سالانہ پڑتال شدہ مالیاتی گوشوارے پیش کرنے میں فخر محسوس کرتے ہیں۔

ایکویٹی مارکیٹ کا جائزہ

زیر جائزہ سال کے دوران 4,654 پوائنٹس کی کمی کے ساتھ PSX-100 انڈیکس (بینچ مارک) 41,910.9 پوائنٹس پر بند ہوا۔ گذشتہ سال کی اسی مدت میں 23.24 فی صد اضافہ کے مقابلہ میں رواں سال 10.00 فی صد کمی ہوئی۔ گذشتہ آٹھ سالوں میں ایکویٹی سرمایہ داروں کے لئے یہ پہلا منفی رجحان تھا۔ سٹاک مارکیٹ کی مندی کو کئی عوامل سے منسلک کیا جاسکتا ہے۔ منڈی کی توقعات کے برعکس، مالی سال 2018ء میں فرنٹیر مارکیٹس سے IMSCI ایمرجنگ انڈیکس میں PSX کی اپ گریڈیشن کے باوجود غیر ملکی سرمایہ داروں کی جانب سے اثاثوں کی لگاتار فروخت نے سرمایہ داروں کے اعتماد کو ضرر پہنچائی۔

سابق وزیراعظم کی نااہلی کے بعد پیدا شدہ سیاسی غیر یقینی کی صورت حال کی وجہ سے رواں سال کے پہلے نصف حصہ میں 13.09 فی صد مجموعی کمی کی وجہ سے مالی سال 2018ء کا آغاز منفی رجحان کے ساتھ ہوا۔ JIT رپورٹ پر عدالتی کارروائی کے دوران سرمایہ داروں کی تشویش میں اضافہ ہوا اور 07 ستمبر 2017ء کو بینچ مارک KSE-100 انڈیکس 40,958.65 پوائنٹس (مالی سال سے تاحال 12.04 فی صد کمی کے لحاظ سے) کی کم ترین سطح پر بند ہوا۔ جو 24 مئی 2017ء میں اعلیٰ ترین سطح کے مقابلہ میں 22.54 فی صد کی نمایاں ترین کمی ہے۔ صدر ٹرمپ کی جانب سے ”پاکستان دہشت گرد تنظیموں کے لئے محفوظ ملک ہے“ جیسے بیان سے پاکستان سٹاک مارکیٹ میں مزید مندی دیکھی گئی۔ HBL نیویارک برانچ پر جرمانہ عائد ہونے اور ستمبر کی سہ ماہی کے لئے ناخوشگوار کاروباری نتائج کی وجہ سے بھی سرمایہ داروں کے اعتماد میں کمی واقع ہوئی۔ مزید برآں، مذہبی گروہ کی جانب سے وفاقی دارالحکومت میں 21 روزہ دھرنے کی وجہ سے بھی منڈی میں بے یقینی قائم رہی۔

سال کے دوسرے نصف حصہ میں، ایکویٹی مارکیٹ میں ملکی اور علاقائی سیاست میں ہيجان، کرنٹ اکاؤنٹ خسارہ (CAD) میں اضافہ کی صورت میں امتراقتصادی حالات اور مارکیٹ میں مثبت و منفی خبروں کے غلبہ کی وجہ سے عدم استحکام برقرار رہا۔ الیکشن کمیشن آف پاکستان کی جانب سے سینیٹ الیکشن 2018ء کے شیڈول کے اعلان کے باعث ملکی سیاست میں بہتری کی وجہ سے ایکویٹی

مارکیٹ پر دباؤ کچھ کم ہوا۔ کرنسی کی قدر میں متوقع کمی اور شرح سود میں مستحکم اضافہ سے سرمایہ داروں میں برآمدی تقابلہ پر اعتماد بحال ہوا ہے۔ مزید برآں، آئندہ وفاقی بجٹ میں کیپٹل مارکیٹ اور لسٹڈ شعبوں کے لئے ٹیکس میں متوقع چھوٹ سے مارکیٹ کو کچھ سہارا ملا ہے۔

اس کے برعکس، رواں سال کے دوسرے نصف حصہ میں، معاشی اور سیاسی عوامل کی وجہ سے مارکیٹ دباؤ میں رہی تاہم پاکستان کی FATF کی بلیک لسٹ میں شمولیت معاشی اور مالیاتی پالیسیوں، آئندہ عام انتخابات کے بعد بڑھتی ہوئی سیاسی غیر یقینی کی صورت حال اور بیرونی کھاتوں میں عدم مساوات اور زرمبادلہ کے کم ذخائر کی وجہ سے مارکیٹ میں مندی کا رجحان رہا۔ مزید برآں، موڈیز کی مستحکم سے منفی کریڈٹ ریٹنگ اور توقع کے برعکس مثبت اور منفی آمدنی پر مشتمل کاروباری نتائج مارکیٹ کو متحرک کرنے میں ناکام رہے۔

فنڈ کی کارکردگی

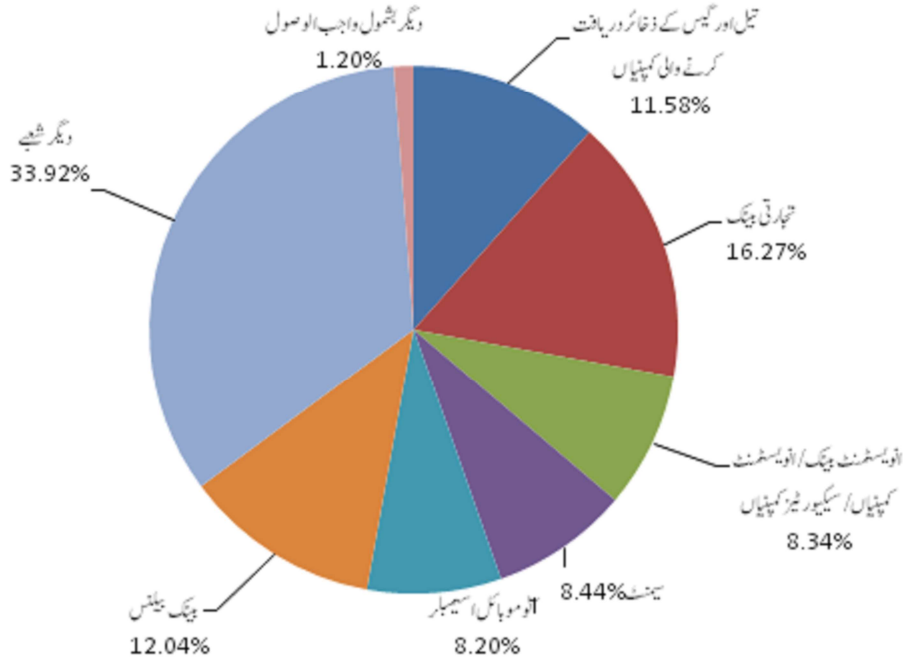
گزشتہ برس اسی مدت کے دوران 33.115 ملین روپے منافع کے مقابلہ میں فنڈ نے زیر جائزہ سال کے دوران 43.768 ملین روپے خسارہ علاوہ ٹیکس رپورٹ کیا۔ گزشتہ برس اسی مدت کے دوران سرمایہ کاری کی فروخت پر 46.725 ملین روپے آمدنی کے مقابلہ میں فنڈ نے رواں سال 32.161 ملین روپے کیپٹل خسارہ درج کیا۔ بذریعہ منافع سرمایہ کے فیئر ویلیو پر دوبارہ تعین قابل وصول کمی گزشتہ برس اسی مدت کے دوران 28.873 ملین روپے کے مقابلہ میں مالی سال 2018ء کے دوران 12.531 ملین روپے ریکارڈ ہوئی۔ فنڈ کے کل اخراجات گزشتہ برس میں 8.691 ملین روپے سے زیر جائزہ سال میں 6.910 ملین روپے کم ہوئے۔

خالص اثاثہ جات ویلیو ("NAV") کی لحاظ سے FCMF کی فی یونٹ NAV زیر جائزہ سال کے دوران منقسمہ کا اعلان کرتے ہوئے 12.5359 روپے سے 9.2627 روپے (ایکس ڈیویژن) کم ہوئی۔ زیر جائزہ سال کے دوران فنڈ کا بینچ مارک KSE-100 انڈیکس گزشتہ سال کی اسی مدت میں 10.00 فی صد منفی رجحان کے مقابلہ میں زیر جائزہ سال کے دوران 23.35 فی صد کم ہوا۔ لہذا، بینچ مارک نے 13.35 فی صد کم کارکردگی دکھائی۔ زیر جائزہ سال کے دوران بینکنگ، فرٹی لانرز کے شعبہ میں مندی کے رجحان اور ٹیکنالوجی اور مواصلات کے شعبہ میں بندش کی وجہ سے فنڈ نے بینچ مارک کے مقابلہ میں ناقص کارکردگی دکھائی۔ مزید برآں، فنڈ کے سرمایہ داری پورٹ فولیو میں کچھ ایسے اتار چڑھاؤ شامل ہیں جو KSE-100 انڈیکس میں شامل نہیں۔ بہتر آمدنی حاصل کرنے کے لئے فنڈ کا سرمایہ داری پورٹ فولیو کمس اپنے بینچ مارک کے پورٹ فولیو کمس سے میل نہیں کھاتا۔

زیر جائزہ سال کے دوران، پاکستان کریڈٹ ریٹنگ ایجنسی ("PACRA") نے "1 سٹار" ایک سالہ کارکردگی کی ریٹنگ متعین کی ہے جو فنڈ کی کارکردگی کی بنیاد پر ہے۔

اس مدت کے اختتام پر FCMF کا فنڈ سائز 30 جون، 2017ء میں 208.148 ملین روپے کے مقابلہ میں 101.714 ملین روپے رہا۔

30 جون، 2018ء کو FCMF کی ایسٹ ایلوکیشن حسب ذیل ہے:



کمپنی کی انتظامیہ فنڈ کی کارکردگی میں بہتری کے لئے مسلسل کوشش کر رہی ہے۔ تاہم مارکیٹ کو زیر کرنے اور مستقل طور پر آمدنی حاصل کرنے پر بھرپور توجہ دی جا رہی ہے۔ اور انتظامیہ قلیل مدتی آمدنی حاصل کرنے کے لئے زیادہ خدشات پر مشتمل حکمت عملی اپنانے سے گریزاں ہیں۔

آمدنی کی تقسیم

سال بھر میں خالص خسارہ کی وجہ سے، 30 جون 2018ء کو اختتام پذیر سال کے لئے کوئی تقسیم نہ کی گئی۔

ٹیکسیشن

خالص خسارہ کی مد میں، 30 جون 2018ء کو اختتام پذیر سال کے لئے مالیاتی گوشواروں میں ٹیکسیشن کا کوئی ضابطہ نہ رکھا گیا۔

اخراجات کی شرح

زیر جائزہ سال کے دوران سکیم کے تحت کل اخراجات کی شرح ("TER") 4.15 فی صد (بشمول 0.95 فی صد حکومتی محصولات) رکھی گئی جو نان بینکنگ فائننس کمپنیز اور نوٹی فائیڈ ضوابط، 2008ء کے تحت بیان کردہ 4.00 فی صد کی حد میں (ماسوائے گورنمنٹ محصولات) رکھی گئی ہے۔

خداشات کا اظہار

متعدد عوامل کے پیش نظر بنیادی خداشات اور غیر یقینی کی صورت حال کو حسب ذیل بیان کیا گیا ہے، جو محدود نہیں:

1. **نصفی خداشات:** کمپنیاں ایکویٹیز یا سٹاک کا اجرا کرتی ہیں، تاکہ وہ اپنے افعال اور مستقبل کی ترقی میں سرمایہ فراہم کر سکیں۔ کمپنی کی کارکردگی کا نقطہ نظر، منڈی کی سرگرمی اور معیشت کی بڑی تصویر سٹاک کی قیمت کو متاثر کرتی ہے۔ عموماً جب معیشت مضبوط ہو رہی ہو تو کمپنیوں کا نقطہ نظر بہتر ہوتا ہے اور سٹاک کی قیمت بڑھ سکتی ہیں یا کم ہو سکتی ہیں۔
2. **حکومت ضوابط کے خداشات:** حکومتی پالیسیاں یا ضوابط کچھ سیکورٹیز اور مالیاتی انسٹرومنٹس پر اثر انداز ہوتی ہیں۔ ایسی سکیمیں جو ان سیکورٹیز میں سرمایہ داری کرتی ہیں ان ضوابط یا پالیسیوں میں تبدیلی کی وجہ سے اثر انداز ہو سکتی ہیں جو بالواسطہ یا براہ راست سیکورٹی کے خاکہ کو متاثر کرتی ہیں اور/یا انتہائی مشکل حالات میں حکومتی یا عدالتی حکم سرمایہ، پرنسپل یا آمدنی کی ادائیگی کو روک سکتا ہے۔
3. **کریڈٹ رسک:** کریڈٹ رسک انسٹرومنٹس یا دیگر پارٹیوں کے جاری کنندگان کی اپنی فرائض میں نااہلی کی وجہ سے سامنے آتا ہے۔ یہ خداشہ عموماً بنیادی سرمایہ اور اس پر حاصل سود تک محدود ہوتا ہے۔
4. **پرائس رسک:**..... سیکورٹی یا فنڈ کی بدلتی ہوئی قدر سٹاک/فنڈ کی قیمتوں میں اعتدال کی وجہ سے ہو سکتا ہے۔ تمام سرمایہ داروں کو لاحق خطرات میں پرائس رسک سب سے بڑا خطرہ ہے اور ہنگامی اقدامات اور فنڈ کے اعلیٰ انتظام کے ذریعے پرائس رسک پر قابو پایا جاسکتا ہے۔
5. **لیکویڈٹی رسک:**..... اس وقت سامنے آتا ہے جب منڈی کی نامناسب سرگرمی کی وجہ سے موجودہ مارکیٹ پرائس پر لین دین نہ کیا جاسکتا ہو۔
6. **مارکیٹ رسک:**..... مارکیٹ رسک ایسا خداشہ ہے جو مارکیٹ پرائس میں تبدیلی کے نتیجے میں مالیاتی انسٹرومنٹ کے آئندہ کے کیش فلو یا فیئر ویلیو میں تبدیلی کا باعث بنے۔
7. **ادائیگی کے خداشات:**..... ایسا خطرہ ہے جس میں تجارت میں ایک فریق بروقت سیکورٹی یا نقدی فراہم نہ کرے۔
8. **واقعات خداشات:**..... کچھ واقعات کی وجہ سے سکیم کی کارکردگی میں تبدیلی ہو سکتی ہو سکی جو مندرجہ ذیل تک محدود نہیں، قدرتی آفات، مارکیٹ کا بیٹھ جانا، انضمام، نیشنلائزیشن، دیوالیہ پن اور ٹیکس لا میں تبدیلیاں۔
9. **استعمال سے متعلق خداشات:**..... مخصوص حالات میں یونٹس کے استعمال کو معطل کر دیا جائے یا سرمایہ دار کی جانب سے استعمال کی درخواست کی موصولی کے چھ ورکنگ دنوں کے اندر ادائیگی نہ ہو۔

مینجمنٹ کوالٹی درجہ بندی

زیر جائزہ سال کے دوران PACRA نے FCIL کی ایسٹ مینجر درجہ بندی ”AM4++“ کی دوبارہ توثیق کی ہے۔ یہ درجہ بندی انتظامی کمپنی کی ایسٹ مینجمنٹ برنس میں شامل خطرات پر قابو پانے کی موزوں صلاحیت کی عکاسی کرتی ہے۔ اور ایسٹ مینجر انویسٹمنٹ مینجمنٹ انڈسٹری معیارات اور بیچ مارک پر پورا اترتا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

بورڈ آف ڈائریکٹرز بیان کرتے ہیں کہ:

1. مالیاتی گوشوارے کاروباری امور، اس کے افعال کے نتائج، کیش فلو اور یونٹ ہولڈر کے فنڈ میں منتقلی کے بیان کو منصفانہ انداز میں پیش کرتے ہیں۔
2. فنڈ کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
3. مالیاتی گوشواروں کی تیار میں مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات با اعتبار اور قابل فیصلوں کی بنیاد پر لگائے جاتے ہیں۔
4. پاکستان میں لاگو متعلقہ بین الاقوامی اکاؤنٹنگ معیارات، نان بینکنگ فائننس کمپنیز (قیام اور ضوابط) قواعد، 2003 کے قواعد، 2003 اور نان بینکنگ فائننس کمپنیز اور نوٹی فائیڈ اینٹی ٹیرضوابط 2008ء، ٹرسٹ ڈیٹ معیارات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی پیروی میں مالیاتی گوشوارے تیار کئے گئے ہیں۔
5. ڈائریکٹرز یہ یقینی بنانے کے لئے ذمہ دار ہیں کہ انٹرئل کنٹرول کا مربوط نظام قائم کیا جائے جو مؤثر انداز میں لاگو اور برقرار رکھا گیا ہو اور فنڈ میں تمام سطحوں پر اس کی نگرانی کی جائے۔
6. فنڈ کی کاروباری جاری رکھنے کی صلاحیت میں کوئی نمایاں شکوک و شبہات موجود نہیں۔
7. لسٹنگ ریگولیشنز میں موجود کارپوریٹ گورننس کی بہترین عمل داری میں کوئی نمایاں تبدیلی نہیں کی گئی ہے۔
8. فنڈ کی کارکردگی کا ٹیمپل سالانہ رپورٹ میں موجود ہے۔
9. ٹیکس، ڈیوٹی، لیوی اور جرمانوں کی مد میں واجبات کی ادائیگیوں کی تفصیلات مالیاتی گوشواروں کے ساتھ منسلک ہیں۔
10. پرائیڈنٹ فنڈ کی سرمایہ کی قدر کا بیان فنڈ کی صورت میں لاگو نہیں ہوتا کیونکہ ملازمین کی مدت ملازمت کے ختم ہونے کے بعد فوائد کے اخراجات انتظامی کمپنی برداشت کرتی ہے۔
11. یونٹ ہولڈنگ کی تفصیلی وضع مالیاتی گوشواروں کے نوٹ 26 میں واضح کی گئی ہے۔
12. ڈائریکٹرز، CEO، CFO اور کمپنی سیکریٹری اور ان کی شریک حیات اور کم سن بچوں کی جانب سے فنڈ کے یونٹس میں کوئی تجارت نہ گئی ہے۔

13. زیر جائزہ سال کے دوران انتظامی کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ کمپنی، غیر درج شدہ کمپنی ہونے کی وجہ سے، کا کوئی جزوی مفاد نہیں ہے۔ 30 جون 2018ء تک بورڈ مندرجہ ذیل پر مشتمل تھا:

کیٹگری	نام
آزاد ڈائریکٹرز	1. سید ندیم حسین 2. جواد سلیم
ایگزیکٹو ڈائریکٹر	1. عمران حفیظ
نان ایگزیکٹو ڈائریکٹر	1. آصف پرویز

بورڈ کی کمیٹیاں

آڈٹ کمیٹی	محترم جواد سلیم (چیرمین) سید ندیم حسین (رکن) محترم آصف پرویز (رکن)
ہیومن ریسورس اینڈ ریمونریشن (HR&R) کمیٹی	سید ندیم حسین (چیرمین) محترم عمران حفیظ (رکن) محترم جواد سلیم (رکن)

بورڈ اور ذیلی کمیٹیوں کی ترکیب میں تبدیلی نئے کوڈ آف کارپوریٹ گورننس میں بیان کی گئی مقررہ تاریخ تک کر دی جائے گی۔

آڈیٹرز

حالیہ آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اپنی دوبارہ تقرری کی پیش کش کرتے ہیں۔ بورڈ آف ڈائریکٹرز نے باہمی طے شدہ مشاہیرہ پر 30 جون 2019ء کو اختتام پذیر سال کے لئے فنڈ کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی سفارش کی ہے۔

FCMF کے انتظامی حقوق کی منتقلی

رواں سال کے دوران انتظامی کمپنی کے بورڈ آف ڈائریکٹرز نے 786 انویسٹمنٹس لمیٹڈ کو نئی انتظامی کمپنی کی حیثیت سے FCMF کے انتظامی حقوق کی منتقلی کی منظوری دی ہے۔ اور بعد ازاں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (‘‘SECP’’) کو ایسٹ پیجمنٹ لائسنس کی حوالگی اور رضا کارانہ ریٹائرمنٹ کا عمل مکمل کیا ہے۔ اس معاملہ کی توثیق SECP کی پیشگی منظوری سے مشروط ہے اور SECP میں یہ زیر غور ہے۔

ڈائریکٹرز ٹریننگ پروگرام

بورڈ نے رواں برس اپنے ڈائریکٹرز کے لئے کسی ٹریننگ پروگرام کا انتظام نہ کیا ہے۔ تاہم، 30 جون 2019ء تک بورڈ کے نصف ڈائریکٹرز SECP کے معیار پر پورا اترنے والے اداروں کی جانب سے پیش کئے گئے ڈائریکٹرز ٹریننگ پروگرام کے تحت مہارت حاصل کر لیں گے۔

اعتراف

ہم اپنے معزز سرمایہ داران کی جانب سے فنڈ پر مکمل اعتماد کے شکر گزار ہیں۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ٹرسٹی (سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ) اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کی مسلسل رہنمائی اور مدد کا بھی تہہ دل سے شکریہ ادا کرتا ہے۔ ڈائریکٹرز انتظامی ٹیم کی جانب سے کاوشوں کو بھی سراہتا ہے۔

برائے/منجانب بورڈ آف

فرسٹ کیپٹل انویسٹمنٹ لمیٹڈ

آصف پرویز

ڈائریکٹرز

عمران حفیظ

چیف ایگزیکٹو آفیسر/ڈائریکٹر

لاہور:

05 اکتوبر 2018ء

First Capital Mutual Fund

FUND MANAGER'S REPORT FOR THE YEAR ENDED JUNE 30, 2018

First Capital Mutual Fund

First Capital Mutual Fund ("FCMF" or "the Fund") is an open end equity fund.

Investment Objective of the Fund

The objective of FCMF is to augment wealth of investors through investments geared toward securing maximum returns whilst simultaneously offsetting resulting risks through efficient diversification across sectors with low correlation amongst them. The management of the Fund is continuously striving towards achieving this objective.

Benchmark

The Benchmark of the Fund is KSE-100 Index.

Fund Performance Review

During the period under review, the Fund has reported net loss after taxation of Rs. 43.768 million as compared to profit of Rs. 33.115 million in the corresponding period last year. The Fund has stated capital loss on sale of Investments of Rs. 32.161 million during the FY-18 as compared to gain of Rs. 46.725 million in the same period last year. The unrealized diminution on re-measurements of investments at fair value through profit has recorded at Rs. 12.531 million during FY-18 as compared to diminution of Rs. 23.873 million in the corresponding period last year. Total expenses of the Fund for the period under review decreased to Rs. 6.910 million from Rs. 8.691 million in the corresponding period last year.

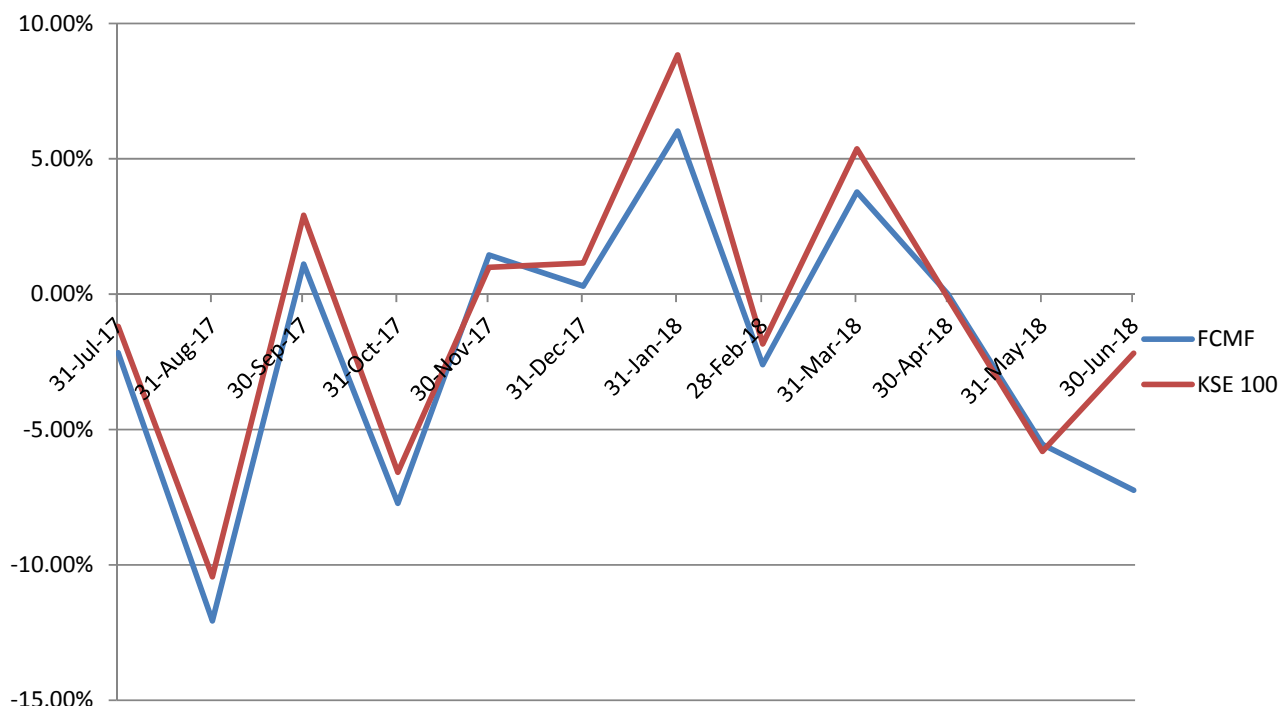
In terms of Net Asset Value ("NAV"), the NAV per unit of FCMF has decreased from Rs. 12.5359 to Rs. 9.2627 (Ex-Div) while declaring dividend during the period under review. The benchmark of the Fund is KSE-100 index. During the period under review, the NAV of the Fund has decreased by 23.35%, as compared to its Benchmark's ("KSE-100 index") negative return of 10.00%, for the same period. Thus, the Fund has underperformed the Benchmark by 13.35%. The Fund underperformed the benchmark mainly on the back of low-weight in Banking, Fertilizer sector and zero-weight in Technology & Communication sector, during the period under review. Moreover, the investment portfolio of the Fund includes certain scrips, which are not included in KSE-100 index. The investment portfolio mix of the Fund is not aligned exactly with investment portfolio mix of its benchmark in order to generate better return.

During the period under review, the Pakistan Credit Rating Agency ("PACRA") has assigned "1 star" 1 Year performance ranking to the Fund based on performance.

The Fund size of FCMF at the end of the period stood at Rs. 101.714 million as compared to Rs. 208.148 million as at June 30, 2017.

First Capital Mutual Fund

FCMF Performance vs. KSE-100 Index



During the period, the Fund adjusted its exposure in equities with focus on diversification in different sectors, as per market conditions in order to generate better return.

Stock Market Review

During the period under review PSX-100 index (the benchmark) shed around 4,654 points to close at 41,910.9 points which is a decline of around 10.00%, as compared to gain of 23.24% in the same period last year. During the last eight years it was the first negative return for equity investors. A host of factors can be attributed to this lackluster performance of the stock market. Contrary to the market expectations, continued sell-off by the foreign investors in FY18 despite up-gradation of PSX into a widely followed MSCI Emerging Index from Frontier Market, shook investors' confidence.

The FY18 commenced on a negative note and cumulatively decreased by 13.09% during the first half of the year due to political uncertainty after disqualification of ex-prime minister. Investors' anxiety amplified during the court proceedings on the JIT report with the benchmark PSX-100 Index hitting a low of 40,958.65 levels, down 12.04% on September 7, 2017, a cumulative decline of 22.54% from the all-time high levels hit on May 24, 2017. President Trump's allegation that Pakistan offers safe haven to terrorist organizations led to further decline in Pakistan stock market. Penalty imposition on HBL's New York branch and uninteresting corporate results for the September quarter also deteriorated investor's confidence. Further, the 21-day prolonged sit-in in the Federal Capital by a religious group also led the market toward uncertainty.

During the 2nd half of the year, the equity market remained volatile due to rise in both domestic & regional political noise, dwindled economical condition in the shape of widening of Current Account Deficit (CAD) and a mix of positive and negative news flows in the market. The equity market released some pressure, mainly on the back of some improvements in domestic politics as the Election Commission of Pakistan announced/scheduled the Senate election 2018. The expectations for currency depreciation and consequent firming up of interest rate hike boosted the investor's confidence to restore export

First Capital Mutual Fund

competitive. Furthermore, expectations for some tax relief for the capital market and listed sectors in the upcoming federal budget also support the market.

On the flip side, during the 2nd half of the year, the market remained under pressure due to the economic and political factors; however rumors that Pakistan could be placed on FATF's black list with associated economic & financial implications, continued heightened domestic political uncertainty ahead of upcoming general elections, and growing concerns over deteriorating external account imbalances and depleting foreign exchange reserves caused the market to slide. Moreover, Moody's downgraded Pakistan's credit rating from stable to negative and below expectation corporate results with mixed earnings reports failed to provide any trigger to the market.

Asset Allocation of the Fund (% of total assets)

Asset Category	30-June-2018	30-June-2017
Equities	86.75%	92.53%
Treasury Bills	0.00%	5.30%
Bank Balance	12.04%	1.51%
Others including receivables	1.20%	0.66%
Total	100.00%	100.00%

Pattern of Unit Holders of the FCMF as on June 30, 2018

The pattern of Unit Holders of the FCMF as on June 30, 2018 is attached.

Disclosures

- There have been no significant changes in the state of affairs of the Fund during the period under review and up till the date of fund manager report, not otherwise disclosed in the financial statements.
- During the period under review, there were no circumstances that materially affected any interests of the unit holders, except the Scheme has reversed the provision against Workers' Welfare Fund's liability of Rs. 8,204,866 as per instructions received from MUFAP.
- The Management Company or its delegates did not receive any soft commission (i.e. goods and services) from its broker(s)/dealers(s) by virtue of transactions conducted by the Fund.

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TRUSTEE REPORT TO THE UNIT HOLDERS

FIRST CAPITAL MUTUAL FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of First Capital Mutual Fund (the Fund) are of the opinion that First Capital Investments Limited (FCIL) being the Management Company of the Fund with the exception of below note has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (ii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Note: As highlighted in our previous Report dated February 28, 2018 for the six months period ended December 31, 2017, with respect to the limitations imposed on the investment powers of the Management Company under the constitutive documents, the fund was not complied during the period with the requirement of offering document as well as Circular 7 of 2009 dated March 06, 2009 of the Securities and Exchange Commission of Pakistan (the Commission) which requires, the equity scheme to remain invested to the extent of at least 70 % of its net assets in listed equity securities during the year based on quarterly average investment calculated on daily basis of the Fund. However, the investments in the listed equity securities ranges from 48% to 58% during the period from December 7, 2017 to March 9, 2018. Upon taking up the issue, we were informed that due to prevailing market conditions the management have decided to reduce the Fund exposure in listed equity securities which has resulted the said non-compliance. The matter was already reported to the Commission. Subsequently, the Management Company complied with the above mentioned requirement on March 10, 2018.

Further we would also like to draw the attention of the Unit Holders towards the fact that the Board of Directors of FCIL have passed the resolution on May 12, 2018 for the voluntarily retirement from Management rights of the Fund and transfer the same to 786 Investments Limited due to the existing size of the Fund which is not viable for FCIL, subject to the approval of SECP which is still awaited.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 12, 2018

First Capital Mutual Fund
(Managed by First Capital Investments Limited)

Financial Statements for the year ended
30 June 2018



KPMG Taseer Hadi & Co.
Chartered Accountants
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Lahore 54000 Pakistan
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INDEPENDENT AUDITORS' REPORT

To the Unit Holders of the First Capital Mutual Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the First Capital Mutual Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, income statement, statement of comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. #	Key audit matter	How the matter was addressed in our audit
1.	Valuation and existence of Investments Refer note 4.3 and 6 to the financial statements for accounting policies and details of investments. The Fund's investment portfolio classified as fair value through profit or loss represents listed equity securities	<p>Our audit procedures in respect of valuation and existence of investments included the following:</p> <ul style="list-style-type: none">Obtaining an understanding of and testing the design and operating effectiveness of controls designed for the valuation and existence of investments classified as fair value through profit or loss;

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S. #	Key audit matter	How the matter was addressed in our audit
	amounting to Rs.105.30 million as at 30 June 2018. We identified the valuation and existence of investments as key audit matter because of their significance in relation to the net asset value of the Fund.	<ul style="list-style-type: none">• comparing, on a sample basis, the ownership of investments of the Fund at the year end with Central Depository Company records;• comparing, on a sample basis, specific investment buying and selling transactions recorded during the year with underlying documentation; and• assessing on a sample basis, whether investments at year end were valued at fair value based on the quoted market price of the year end at the Pakistan Stock Exchange (PSX).

Other Information

Management is responsible for the other information. The other information comprises the information included in the Fund's Annual Report for 2018 but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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KPMG Taseer Hadi & Co.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Report on other legal and regulatory requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditors' report is Kamran Iqbal Yousafi.

Lahore

Date: 05 October 2018


KPMG Taseer Hadi & Co.
Chartered Accountants

First Capital Mutual Fund
Statement of Assets and Liabilities
As at 30 June 2018

		2018	2017
	Note	----- Rupees -----	
<u>Assets</u>			
Bank balances	5	14,617,436	3,418,018
Investments	6	105,297,073	221,458,116
Dividend and profit receivable - <i>unsecured, considered good</i>	7	236,500	362,597
Advances, deposits, prepayments and other receivables	8	1,222,429	1,108,193
Total Assets		121,373,438	226,346,924
<u>Liabilities</u>			
Payable to First Capital Investment Limited - <i>Management Company</i>			
- <i>against remuneration</i>	9	3,917,739	5,027,607
- <i>other payables</i>	10	188,017	245,375
Remuneration payable to Central Depository Company of Pakistan Limited - <i>Trustee</i>	11	65,013	65,013
Annual fee payable to Securities and Exchange Commission of Pakistan	12	158,444	207,043
Accrued expenses and other liabilities	13	1,138,905	982,302
Unclaimed dividend	14	14,191,025	11,672,005
Provision for Workers' Welfare Fund	15	-	-
Total Liabilities		19,659,143	18,199,345
Contingencies and commitments	16		
Net Assets		101,714,295	208,147,579
Unit holders' fund (as per statement attached)		101,714,295	208,147,579
		(Number of Units)	
Number of units in issue	17	10,981,013	16,604,097
		----- Rupees -----	
Net asset value per unit		9.2627	12.5359

The annexed notes from 1 to 34 form an integral part of these financial statements.

20/06/2019

For First Capital Investments Limited
(Management Company)

Muhammad Hafeez

Chief Executive

Shah Zaidi

Chief Financial Officer

Ali Raza

Director

First Capital Mutual Fund

Income Statement

For the year ended 30 June 2018

		2018	2017
	Note	----- Rupees -----	
<u>Income</u>			
Capital (loss) / gain on sale of 'fair value through profit or loss investments' - <i>net</i>		(32,160,726)	46,725,250
Dividend income from 'fair value through profit or loss investments'		5,818,193	8,614,466
Income from government securities		669,792	864,332
Profit on bank deposits		1,344,466	884,508
Unrealised diminution on re-measurement of investments - <i>classified as 'financial asset at fair value through profit or loss' - net</i>	6.3	(12,530,582)	(23,873,197)
Total (loss) / income		(36,858,857)	33,215,359
<u>Expenses</u>			
Remuneration to the Management Company	9.1	3,335,673	4,358,786
Punjab Sales tax on remuneration to the Management Company	9.2	533,708	697,406
Federal Excise Duty on remuneration to the Management Company	9.3	-	-
Remuneration to the Trustee	11.1	700,000	700,000
Sindh Sales tax on remuneration to the Trustee	11.2	91,000	91,000
Annual fee - <i>Securities and Exchange Commission of Pakistan</i>	12	158,444	207,043
Securities transaction costs	18	493,658	1,136,229
Auditors' remuneration	19	1,052,700	999,200
Accounting & Operational charges		166,784	217,940
Sindh Sales Tax on Accounting & Operational charges		21,682	17,435
Annual listing fee - <i>Pakistan Stock Exchange</i>		30,000	30,000
Legal and other professional fees		5,681	-
Fund's ranking fee		140,360	140,360
Printing, postage and other charges		161,083	76,623
Bank charges		18,836	19,140
Total expenses		6,909,609	8,691,162
Net (loss) / income from operating activities		(43,768,466)	24,524,197
Element of income / (loss) and capital gains / (loss) included in prices of units issued less those in the units redeemed - <i>net</i>		-	385,789
Reversal of provision for Workers' Welfare Fund	15	-	8,204,866
Net (loss) / income for the year before taxation		(43,768,466)	33,114,852
Taxation	20	-	-
Net (loss) / income for the year after taxation		(43,768,466)	33,114,852
Earnings per unit	24		

The annexed notes from 1 to 34 form an integral part of these financial statements.

10/11/2018

For First Capital Investments Limited
(Management Company)



Chief Executive



Chief Financial Officer



Director

First Capital Mutual Fund
Statement of Comprehensive Income
For the year ended 30 June 2018

	2018	2017
	----- Rupees -----	
Net (loss) / income for the year after taxation	(43,768,466)	33,114,852
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	(43,768,466)	33,114,852

The annexed notes 1 to 34 form an integral part of these financial statements.

14/07/2018

For First Capital Investments Limited
(Management Company)



Chief Executive



Chief Financial Officer



Director

First Capital Mutual Fund

Cash Flow Statement

For the year ended 30 June 2018

	2018	2017
	----- Rupees -----	
<u>Cash flows from operating activities</u>		
Net (loss) / income for the year before taxation	(43,768,466)	33,114,852
Adjustments for:		
Element of income and capital gains included in prices of units issued less those in the units redeemed - <i>net</i>	-	(385,789)
Provision for Workers' Welfare Fund	-	(8,204,866)
Unrealised appreciation on re-measurement of investments - at fair value through profit or loss - <i>net</i>	12,530,582	23,873,197
	(31,237,884)	48,397,394
Decrease / (increase) in assets:		
Investments - <i>net</i>	103,630,461	(33,465,726)
Dividend and profit receivable - <i>unsecured, considered good</i>	126,097	20,110
Advances, deposits, prepayments and other receivables	(114,236)	(410,741)
	103,642,322	(33,856,357)
Increase / (decrease) in liabilities:		
Remuneration payable to Management Company	(1,109,868)	947,181
Other payable to Management Company	(57,358)	245,375
Remuneration payable to Trustee	-	(397)
Annual fee payable to SECP	(48,599)	16,482
Unclaimed dividend	2,519,020	1,875,380
Accrued expenses and other liabilities	156,603	166,792
	1,459,798	3,250,813
Net cash generated from operating activities	73,864,236	17,791,850
<u>Cash flows from financing activities</u>		
Receipts against issuance of units	74,000	9,618,734
Cash payout against distribution of interim cash dividend	-	(8,518,780)
Cash payout against distribution of final cash dividend	(6,243,236)	(12,323,544)
Payments made against redemption of units	(56,495,582)	(7,721,111)
Net cash used in financing activities	(62,664,818)	(18,944,701)
Net Increase / (decrease) in cash and cash equivalents during the year	11,199,418	(1,152,851)
Cash and cash equivalents at the beginning of the year	3,418,018	4,570,869
Cash and cash equivalents at the end of the year	14,617,436	3,418,018

The annexed notes from 1 to 34 form an integral part of these financial statements.

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For First Capital Investments Limited
(Management Company)



Chief Executive



Chief Financial Officer



Director

First Capital Mutual Fund
Statement Of Movement In Unit Holders' Fund
For the year ended 30 June 2018

	For the year ended 30 June					
	2018			2017		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	Rupees					
Net assets at beginning of the year	148,772,307	59,375,272	208,147,579	147,260,474	47,102,744	194,363,218
Issuance of 6,241 (2017: 698,716 units)						
- Capital value	77,254	-	77,254			
- Element of income	(3,254)	-	(3,254)			
Total proceeds on issuance of units	74,000	-	74,000	9,618,733	-	9,618,733
Redemption of 5,629,325 (2017: 570,560) units						
- Capital value	(57,645,335)	-	(57,645,335)			
- Element of loss	1,149,753	-	1,149,753			
Total payment on redemption of units	(56,495,582)	-	(56,495,582)	(7,721,111)	-	(7,721,111)
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	-	-	-	(385,789)	-	(385,789)
Total comprehensive (loss) / income for the year	-	(43,768,466)	(43,768,466)	-	33,114,852	33,114,852
Distributions during the year at Rs. 0.38 per unit declared on 03 October 2017 (at the rate of 0.76 per unit declared on 30 September 2016)	-	(6,243,236)	(6,243,236)	-	(12,323,544)	(12,323,544)
Interim distribution during the year at Rs. 0.52 per unit declared on 28 February 2017	-	-	-	-	(8,518,780)	(8,518,780)
Net assets at end of the year	92,350,725	9,363,570	101,714,295	148,772,307	59,375,272	208,147,579
Undistributed income brought forward represented by:						
- Realized gain		84,506,217			32,222,633	
- Unrealized (loss) / gain		(25,130,945)			14,880,112	
		59,375,272			47,102,745	
Accounting (loss) / income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		(43,768,466)			-	
		(43,768,466)			33,114,852	
Distributions during the year at Rs. 0.38 per unit declared on 03 October 2017 (at the rate of 0.76 per unit declared on 30 September 2016)		(6,243,236)			(12,323,544)	
Interim distribution during the year at Rs. 0.52 per unit declared on February 28, 2017		-			(8,518,780)	
Undistributed income carried forward		9,363,570			59,375,272	
Undistributed income represented by:						
- Realized gain		21,894,148			84,506,217	
- Unrealized loss		(12,530,582)			(25,130,945)	
		9,363,566			59,375,272	
	Rupees					
Net asset value per unit at beginning of the period		12.5359				11.7968
Net asset value per unit at end of the period		9.2627				12.5359

The annexed notes from 1 to 34 form an integral part of these financial statements.

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For First Capital Investments Limited
(Management Company)


Chief Executive Officer


Chief Financial Officer


Director

First Capital Mutual Fund

Notes to the Financial Statements

For the year ended 30 June 2018

1 Reporting entity

- 1.1 First Capital Mutual Fund ("the Fund") was constituted by virtue of a scheme of arrangement for conversion of First Capital Mutual Fund Limited into an Open end scheme under a Trust Deed executed between First Capital Investment Limited ("FCIL") as Management Company and Central Depository Company of Pakistan Limited ("CDC") as Trustee. The Trust Deed was executed on 06 August 2013 after being approved by the Securities and Exchange Commission of Pakistan ("SECP") on 30 July 2013 in accordance with the provision of Non-Banking Finance Companies and Notified Entities Regulation, 2008 ("the NBFC Regulations").
- 1.2 The Management Company has been licensed by the SECP to act as an Asset Management Company under the Non Banking Finance Companies ("Establishment and Regulations") Rules, 2003 ("the NBFC Rules") through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd and 3rd floor, PACE Shopping Mall, Fortress Stadium, Lahore, Pakistan. The Fund is an Open end equity scheme and offers units for public subscription on a continuous basis. The units are transferable and can be redeemed by submitting them into the Fund.
- 1.3 The Fund has been formed to augment the wealth of investors through investments geared towards securing maximum returns whilst simultaneously offsetting resultant risks through efficient diversification across sectors with low correlation amongst them. The Fund shall invest its assets in high quality dividend yielding stocks. While the remaining assets shall be invested in cash and / or near cash instruments.
- 1.4 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited ("CDC") as trustee of the Fund and the Fund is listed on Pakistan Stock Exchange ("PSX").
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned management quality rating of AM4++ to the Management Company and has assigned '1 Star' to the fund on 28 September 2018 and 24 May 2018 respectively. PACRA has also placed the ratings of First Capital Investments Limited on "Rating Watch" due to reasons as fully explained in note 2 to these financial statements. This rating will be reviewed by PACRA once this matter will be settled.

2 Transfer of management rights

The Board of Directors of First Capital Investment Limited ("FCIL") being Asset Management Company has passed a resolution on 12 May 2018 wherein they have approved to retire from the management rights of the Fund and transfer of these rights to 786 Investments Limited being Asset Management Company. In this regard, FCIL is currently in the process of complying with corporate and legal formalities and obtaining necessary regulatory approval(s) including approval of the Securities and Exchange Commission of Pakistan.

3 Basis of preparation

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017 along with part and the requirements VIIIA of the repealed Companies Ordinance, 1984 and the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations). Where provisions of and directives issued under

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the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments which are carried at fair value.

3.3 Critical accounting estimates and judgments

The preparation of financial statements is in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

- Note 4.3 - Classification of investments
- Note 4.3.3 - Valuation of investments
- Note 4.1 - Element of income / (loss) and capital gains / (losses)
included in prices of units issued less those in units redeemed - net

3.4 Standards, interpretations and amendments to published approved accounting standards

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018.

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Fund's financial statements.

10/11/18 H4

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Fund's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The amendments are not likely to have an impact on Fund's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The amendments are not likely to have an impact on Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on Fund's financial statements.

10/2/2018 P4

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Fund's financial statements

Annual improvements to IFRS standards 2015-2017 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. The fund remeasures its previously held interest in a joint operation when it obtains control of the business. The fund does not remeasure its previously held interest in a joint operation when it obtains joint control of the business
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Fund's financial statements.

3.5 Functional and presentation currency

These financial statements are presented in Pak Rupees ("Rs."), which is the Funds' functional and presentation currency. All financial information has been rounded to the nearest rupee, except when otherwise indicated.

4 Summary of significant accounting policies

New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2017 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

The principal accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those applied in the previous year except for the changes in accounting policies as disclosed in note 4.1 & 4.2.

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4.1 Element of Income

Up to 30 June 2017, the element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed to the extent that it is represented by income earned during the accounting period is recognized in income statement on net basis and to the extent that it is represented by unrealized appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement.

SECP through its SRO 756(I)2017 dated 03 August 2017 has made certain amendments in the NBFCs Regulations. The SRO changed the definition of accounting income in regulation (63) sub-regulation (1) which excludes the element of income from "accounting income". As per SRO, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. It also specifies that element of income is a transaction of capital nature and the receipt and payment of element income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The said SRO also deleted 'Distribution Statement' and requires additional disclosures with respect to "Income Statement" (relating to allocation of net income for the year) and "Statement of Movement in Unit Holders' Fund" and recording of element of income / loss included in price of unit issued or redeemed directly in Statement of movements in unit holders' fund instead of income statement. "MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year

As required by IAS 8: 'Accounting Policies Changes in Accounting Estimates and Errors, a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund prospectively from 01 July 2017 as clarified by SECP vide its email dated 07 February 2018. Accordingly, corresponding figures have not been restated.

Had the element of income been recognized as per the previous accounting policy, the loss of the Fund would have been lower by Rs. 1,146,499. However, the change in accounting policy does not have any impact on NAV per unit.

4.2 Application of Companies Act, 2017

The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 which application has been deferred till 31 December 2017. Therefore, the provision of the Companies Act, 2017 are applicable to the Fund (refer note 2.1). However, it does not have any significant impact on the Fund's financial statements.

4.3 Financial assets

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Management Company determines the appropriate classification of its financial assets at the time of initial recognition and re-evaluates their classification on a regular basis.

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(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the financial assets 'at fair value through profit or loss' category.

(c) Available for sale financial assets

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

All investments in the Fund as at 30 June 2018 are classified as financial assets at 'fair value through profit and loss'.

4.3.1 Trade date accounting

All financial assets are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Fund commits to purchase or sell the asset.

4.3.2 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at 'fair value through profit or loss'. Financial assets carried at 'fair value through profit or loss' are initially recognized at fair value and transaction costs are expensed as incurred in the income statement.

4.3.3 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as loans and receivables, at fair value through profit or loss and available for sale are valued as follows:

a) **Loans and receivables**

Subsequent to initial recognition financial assets classified as 'Loans and receivables' are carried at amortized cost using the effective interest method.

Gain or loss is also recognized in the income statement when financial assets carried at amortized cost are derecognized or impaired, and through the amortization process.

Significant financial assets in the category include deposits, other receivables and bank balances.

b) **Financial assets 'at fair value through profit or loss'**

Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Basis of valuation of listed equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

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Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the 'income statement'.

Basis of valuation of unlisted equity securities

Securities not listed or quoted on a stock exchange, other than Government Securities or debt security, are valued at investment price / par value.

Basis of valuation of government securities

Government Securities not listed on a stock exchange and traded in the interbank market are valued at the average rate quoted on a widely used electronic quotation system and such average rate is based on the remaining tenor of the security. Net gains and losses arising on changes in the fair value are taken to the income statement.

c) Available for sale

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

4.3.4 Impairment

The carrying value of the fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

a) Equity Securities

For equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the security is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in 'income statement', is reclassified from other comprehensive income and recognized in the income statement. However, the decrease in impairment loss on equity securities are not reversed through the income statement.

b) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

4.3.5 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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4.3.6 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.5 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized at fair value and subsequently stated at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

4.6 Derivatives

Derivative instruments are initially recognized at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognized in the income statement

4.7 Provisions and contingencies

Provisions are recognized when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.8 Taxation

Current tax

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

Deferred tax

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilized tax losses to the extent that

10/11/2011

it is probable that the related tax benefit will be realized. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund has a past practice and intends to continue the same by availing the tax exemption in future years through distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or unrealized, to its unit holders every year. Further, it is also mandatory as per section 63(1) of the NBFC regulations 2008 to distribute ninety percent of aforesaid accounting income as dividend.

4.9 Issuance of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

4.10 Redemption of units

Units redeemed are recorded at the redemption price, applicable to units for which the distributors / Management Company receive redemption applications during business hours of that day. The redemption price represents the Net Asset Value per unit as of the close of the business day less back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.11 Element of Income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.12 Net asset value per unit

The Net Asset Value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.13 Earnings per unit

Earnings per unit (EPU) have not been disclosed as in the opinion of the management, determination of weighted average number of outstanding units for calculating EPU is not practicable.

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4.14 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognized in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

4.15 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee and annual fee payable to the SECP) are recognized in the Income Statement on an accrual basis.

4.16 Incomes

- Capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income is recognized when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Unrealized capital gains / (losses) arising, on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Profit on bank deposits is recognized on time proportionate basis.
- Income on government securities is recognized on an accrual basis.

		2018	2017
		Note	Rupees
5	Bank balances		
	Cash at bank		
	- saving accounts	5.1	14,612,436
	- current account		5,000
			<u>14,617,436</u>
5.1	These bank accounts carry profit at the rate ranging from 3.75% to 4.00% per annum (2017: 3.75% to 4.25% per annum).		

		2018	2017
		Note	Rupees
6	Investments		
	At fair value through profit or loss - held for trading		
	Listed equity securities	6.1	105,297,073
	Government securities - Market treasury bills	6.2	-
			<u>105,297,073</u>

6.1 Investments - at fair value through profit or loss

Listed equity securities

Shares of listed companies - Fully paid ordinary shares with a face value of Rs. 10 each unless stated otherwise.

Name of Investee company	Number of shares				Balance as at 30 June 2018			(%) Percentage in relation to		
	As at 01 July 2017	Purchases during the year	Bonus / Rights during the year	Sale / right expired during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Paid up capital of investee company (with face value of investments)
	----- Shares -----					----- Rupees -----			----- (%) -----	
Inv. Bank/Inv. Companies/Securities Co.										
Escorts Investment Bank Limited	-	50,000	-	-	50,000	2,086,485	1,619,500	(466,985)	1.59%	0.0113%
First Capital Equities Limited	127,895	885,000	-	(1,000)	1,011,895	11,250,437	8,499,918	(2,750,519)	8.36%	0.0716%
	127,895	935,000	-	(1,000)	1,061,895	13,336,922	10,119,418	(3,217,504)	9.95%	0.0829%
Banks										
Allied Bank Limited	-	3,500	-	(3,500)	-	-	-	-	-	-
Bank Alfalah Limited	-	15,000	-	-	15,000	693,750	784,350	90,600	0.77%	0.0001%
The Bank Of Punjab	350,180	-	-	(350,180)	-	-	-	-	-	-
The Bank Of Punjab - LoR	385,126	-	-	(385,126)	-	-	-	-	-	-
Faysal Bank Limited	100,880	30,000	4,932	(128,000)	7,812	162,141	203,112	40,971	0.20%	0.0001%
Habib Bank Limited	60,000	46,500	-	(75,000)	31,500	5,797,910	5,242,860	(555,050)	5.15%	0.0002%
MCB Bank Limited	39,000	40,900	-	(44,000)	35,900	7,621,828	7,099,943	(521,885)	6.98%	0.0003%
National Bank Of Pakistan	-	5,000	-	(5,000)	-	-	-	-	-	-
Summit Bank Limited	550,000	-	-	(550,000)	-	-	-	-	-	-
United Bank Limited	46,000	48,000	-	(56,000)	38,000	7,401,512	6,421,240	(980,272)	6.31%	0.0003%
	1,531,186	188,900	4,932	(1,596,806)	128,212	21,677,141	19,751,505	(1,925,636)	19.41%	0.0010%
Insurance										
Shaheen Insurance Company Limited	356,818	-	-	(356,818)	-	-	-	-	-	-
The United Insurance Company of Pakistan Limited	1,286	-	167	-	1,453	21,541	18,657	(2,884)	0.02%	0.0001%
	358,104	-	167	-356,818	1,453	21,541.00	18,657	(2,884)	0.02%	0.0001%
Textile Composite										
Gul Ahmed Textile Mills Limited	50,000	-	-	(50,000)	-	-	-	-	-	-
Nishat (Chunian) Limited	10,000	-	-	(10,000)	-	-	-	-	-	-
Nishat Mills Limited	28,000	55,000	-	(53,000)	30,000	4,738,393	4,227,600	(510,793)	4.16%	0.0009%
	88,000	55,000	-	(113,000)	30,000	4,738,393	4,227,600	(510,793)	4.16%	0.0009%

14/07/2018

	Number of shares				Balance as at 30 June 2018				(%) Percentage in relation to		
Name of Investee company	As at 01 July 2017	Purchases during the year	Bonus / Rights during the year	Sale / right expired during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Paid up capital of investee company (with face value of investments)
	----- Shares -----					----- Rupees -----			----- (%) -----		
Sugar & Allied Industries											
Imperial Sugar Limited	-	10,000	-	(10,000)	-	-	-	-	-	-	-
Noon Sugar Mills Limited	5,000	-	-	(5,000)	-	-	-	-	-	-	-
	5,000	10,000	-	(15,000)	-	-	-	-	-	-	-
Cement											
Cherat Cement Company Limited	-	15,000	-	-	15,000	2,089,999	1,458,450	(631,549)	1.43%	1.39%	0.0008%
D.G. Khan Cement Company Limited	24,000	30,000	-	(41,000)	13,000	1,708,793	1,488,370	(220,423)	1.46%	1.41%	0.0003%
Dandot Cement Company Limited	22,500	-	-	(22,500)	-	-	-	-	-	-	-
Fauji Cement Company Limited	65,000	40,000	-	(65,000)	40,000	1,036,000	914,000	(122,000)	0.90%	0.87%	0.0003%
Gharibwal Cement Limited	30,000	-	-	(30,000)	-	-	-	-	-	-	-
Kohat Cement Company Limited	-	10,000	-	-	10,000	1,572,500	1,230,700	(341,800)	1.21%	1.17%	0.0006%
Lucky Cement Limited	12,000	13,000	-	(19,500)	5,500	2,970,878	2,793,615	(177,263)	2.75%	2.65%	0.0002%
Maple Leaf Cement Factory Limited	18,000	31,250	-	(18,000)	31,250	2,539,570	1,585,625	(953,945)	1.56%	1.51%	0.0005%
Pioneer Cement Limited	27,000	16,500	-	(27,000)	16,500	999,240	773,190	(226,050)	0.76%	0.73%	0.0007%
Power Cement Limited	150,000	-	-	(150,000)	-	-	-	-	-	-	-
	348,500	155,750	-	(373,000)	131,250	12,916,980	10,243,950	(2,673,030)	10.07%	9.73%	0.0034%
Refinery											
Attock Refinery Limited	3,000	2,500	-	(3,000)	2,500	648,750	538,275	(110,475)	0.53%	0.51%	0.0003%
Byco Petroleum Pakistan Limited	200,000	-	-	(200,000)	-	-	-	-	-	-	-
Pakistan Refinery Limited	25,000	-	-	(25,000)	-	-	-	-	-	-	-
	228,000	2,500	-	(228,000)	2,500	648,750	538,275	(110,475)	0.53%	0.51%	0.0003%
Power Generation & Distribution											
The Hub Power Company Limited	56,300	28,000	-	(70,300)	14,000	1,296,497	1,290,240	(6,257)	1.27%	1.23%	0.0001%
Kot Addu Power Company Limited	35,000	-	-	(35,000)	-	-	-	-	-	-	-
K-Electric Limited	200,000	-	-	(200,000)	-	-	-	-	-	-	-
Tri-Star Power Limited	25,000	-	-	(25,000)	-	-	-	-	-	-	-
	316,300	28,000	-	(330,300)	14,000	1,296,497	1,290,240	(6,257)	1.27%	1.23%	0.0001%
Oil & Gas Marketing Companies											
Hascol Petroleum Limited	6,042	8,118	-	(4,000)	10,160	2,904,423	3,187,802	283,379	3.13%	3.03%	0.0007%
Pakistan State Oil Company Limited	15,500	12,500	3,100	(23,000)	8,100	2,439,781	2,578,311	138,530	2.53%	2.45%	0.0002%
Sui Northern Gas Pipelines Limited	20,000	-	-	-	20,000	2,978,400	2,004,400	(974,000)	1.97%	1.90%	0.0003%
Sui Southern Gas Company Limited	20,000	-	-	-	20,000	728,200	656,400	(71,800)	0.65%	0.62%	0.0002%
	61,542	20,618	3,100	(27,000)	58,260	9,050,804	8,426,913	(623,891)	8.28%	8.00%	0.0014%

10/11/2018

Name of Investee company	Number of shares				Balance as at 30 June 2018				(%) Percentage in relation to		
	As at 01 July 2017	Purchases during the year	Bonus / Rights during the year	Sale / right expired during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Paid up capital of investee company (with face value of investments)
	-----Shares-----					-----Rupees-----			----- (%) -----		
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited	77	3,000	-	-	3,077	4,446,122	4,634,516	188,394	4.56%	4.40%	0.0003%
Oil & Gas Development Company Limited	30,000	48,000	-	(58,000)	20,000	3,134,756	3,112,400	(22,356)	3.06%	2.96%	-
Pakistan Oilfields Limited	8,000	5,700	-	(10,700)	3,000	1,615,485	2,015,370	399,885	1.98%	1.91%	0.0001%
Pakistan Petroleum Limited	44,500	24,500	-	(49,000)	20,000	3,565,513	4,298,000	732,487	4.23%	4.08%	0.0001%
	82,577	81,200	-	(117,700)	46,077	12,761,876	14,060,286	1,298,410	13.83%	13.35%	0.0005%
Industrial Engineering											
Aisha Steel Mills Limited	240,000	-	-	(90,000)	150,000	3,051,000	2,365,500	(685,500)	2.33%	2.25%	0.0018%
Amreli Steels Limited	10,000	20,100	-	(13,000)	17,100	1,727,931	1,206,405	(521,526)	1.19%	1.15%	0.0006%
Dost Steels Limited	137,500	-	-	-	137,500	1,515,250	1,087,625	(427,625)	1.07%	1.03%	0.0044%
International Steels Limited	40,000	10,000	-	(32,000)	18,000	2,196,656	1,830,600	(366,056)	1.80%	1.74%	0.0004%
Mughal Iron And Steel Industries Ltd	65,000	17,000	-	(52,000)	30,000	2,156,214	1,842,600	(313,614)	1.81%	1.75%	0.0012%
	492,500	47,100	-	(187,000)	352,600	10,647,051	8,332,730	(2,314,321)	8.20%	7.92%	0.0084%
Automobile Assembler											
Al-Ghazi Tractors Limited	2,300	2,000	-	(4,300)	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	3,000	5,000	-	(4,500)	3,500	1,812,500	1,107,365	(705,135)	1.09%	1.05%	0.0002%
Indus Motor Company Limited	-	3,000	-	(1,500)	1,500	2,625,000	2,132,190	(492,810)	2.10%	2.02%	0.0002%
Millat Tractors Limited	2,000	4,000	-	(3,000)	3,000	3,776,000	3,564,180	(211,820)	3.50%	3.38%	0.0007%
Pak Suzuki Motor Company Limited	-	8,000	-	-	8,000	4,075,800	3,147,040	(928,760)	3.09%	2.99%	0.0010%
	7,300	22,000	-	(13,300)	16,000	12,289,300	9,950,775	(2,338,525)	9.78%	9.44%	0.0021%
Automobile Parts & Accessories											
The General Tyre & Rubber Company of Pakistan Limited	10,000	20,000	-	(14,800)	15,200	3,108,400	2,526,240	(582,160)	2.48%	2.40%	0.0025%
	10,000	20,000	-	(14,800)	15,200	3,108,400	2,526,240	(582,160)	2.48%	2.40%	0.0025%
Cables & Electrical Goods											
Pak Elektron Limited	15,000	-	-	(15,000)	-	-	-	-	-	-	-
Singer Pakistan Limited	42,000	-	-	(42,000)	-	-	-	-	-	-	-
TPL Corporation Limited	150,000	-	-	(150,000)	-	-	-	-	-	-	-
	207,000	-	-	(207,000)	-	-	-	-	-	-	-

10/10/2018

Name of Investee company	Number of shares				Balance as at 30 June 2018				(%) Percentage in relation to		
	As at 01 July 2017	Purchases during the year	Bonus / Rights during the year	Sale / right expired during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Paid up capital of investee company (with face value of investments)
	----- Shares -----					----- Rupees -----			----- (%) -----		
Transport											
Pakistan International Bulk Terminal Limited	30,000	-	-	(30,000)	-	-	-	-	-	-	-
Pakistan National Shipping Corporation	12,400	-	-	(12,400)	-	-	-	-	-	-	-
	42,400	-	-	(42,400)	-	-	-	-	-	-	-
Technology & Communications											
Netsol Technologies Limited	15,000	5,000	-	(20,000)	-	-	-	-	-	-	-
Trg Pakistan Limited - Class 'A'	115,000	-	-	(115,000)	-	-	-	-	-	-	-
Worldcall Telecom Limited	200,000	-	-	(200,000)	-	-	-	-	-	-	-
	330,000	5,000	-	(335,000)	-	-	-	-	-	-	-
Fertilizer											
Engro Fertilizers Limited	42,000	35,000	-	(52,000)	25,000	1,673,750	1,872,750	199,000	1.84%	1.78%	0.0002%
Engro Corporation Limited	26,500	40,900	-	(50,400)	17,000	4,865,153	5,335,620	470,467	5.25%	5.07%	0.0003%
Fatima Fertilizer Company Limited	-	5,000	-	-	5,000	150,002	162,000	11,998	0.16%	0.15%	-
Fauji Fertilizer Bin Qasim Limited	23,000	-	-	(23,000)	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	46,700	30,000	-	(61,700)	15,000	1,204,650	1,483,350	278,700	1.46%	1.41%	0.0001%
	138,200	110,900	-	(187,100)	62,000	7,893,555	8,853,720	960,165	8.71%	8.41%	0.0006%
Pharmaceuticals											
Agp Limited	-	140,625	-	(115,000)	25,625	2,050,000	2,275,244	225,244	2.24%	2.16%	0.0009%
Glaxosmithkline Pakistan Limited	15,000	-	-	(15,000)	-	-	-	-	-	-	-
Glaxosmithkline Consumer Healthcare Pakistan Limited	1,000	-	-	(1,000)	-	-	-	-	-	-	-
Hightnoon Laboratories Limited	34	-	4	-	38	21,293	15,599	(5,694)	0.02%	0.01%	0.0000%
The Searle Company Limited	6,442	6,500	1,288	(6,000)	8,230	2,769,868	2,794,085	24,217	2.75%	2.65%	0.0004%
	22,476	147,125	1,292	(137,000)	33,893	4,841,161	5,084,928	243,767	5.01%	4.82%	0.0013%
Chemicals											
Engro Polymer & Chemicals Limited	50,000	-	-	(50,000)	-	-	-	-	-	-	-
Ghani Gases Limited	50,000	-	-	(50,000)	-	-	-	-	-	-	-
ICI Pakistan Limited	3,000	-	-	(3,000)	-	-	-	-	-	-	-
	103,000	-	-	(103,000)	-	-	-	-	-	-	-
Paper & Board											
Packages Limited	15,000	-	-	(12,450)	2,550	1,773,729	1,248,786	(524,943)	1.23%	1.19%	0.0003%
	15,000	-	-	(12,450)	2,550	1,773,729	1,248,786	(524,943)	1.23%	1.19%	0.0003%
Foods & Personal Care Products											
Treet Corporation Limited	34,000	-	3,400	(34,000)	3,400	175,811	116,246	(59,565)	0.11%	0.11%	0.0002%
	34,000	-	3,400	(34,000)	3,400	175,811	116,246	(59,565)	0%	0%	0.0002%

MD/MS/PC/1

Name of Investee company	Number of shares				Balance as at 30 June 2018				(%) Percentage in relation to		
	As at 01 July 2017	Purchases during the year	Bonus / Rights during the year	Sale / right expired during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Paid up capital of investee company (with face value of investments)
	----- Shares -----					----- Rupees -----			----- (%) -----		
Miscellaneous											
Pace (Pakistan) Limited	-	200,000	-	(50,500)	149,500	649,744	506,804	(142,940)	0.50%	0.48%	0.0054%
TPL Properties Limited	100,000	-	-	(100,000)	-	-	-	-			
	100,000	200,000	-	(150,500)	149,500	649,744	506,804	(142,940)	0.50%	0.48%	0.0054%
Total as at 30 June 2018	4,648,980	2,029,093	12,891	(4,582,174)	2,108,790	117,827,655	105,297,073	(12,530,582)			
Total as at 30 June 2017	2,720,594	8,826,192	640,147	(7,537,953)	4,648,980	233,341,027	209,467,908	(23,873,119)			

6.1.1 The Finance Act 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on the value of bonus shares determined on the basis of day end price on the first day of book closure. The tax is to be collected at source by the Company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the fund along with other asset management companies and Mutual Fund Association of Pakistan, had filed a petition in the Honorable Sindh High Court ("the Court") to declare the amendments brought into the Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes ("CIS") as null and void and not applicable on mutual funds based on the premise of exemption given to mutual funds under clause 47B of Part IV and clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Court has granted stay order in favor of CIS till the final outcome of the case. Accordingly, the investee companies have withheld the shares equivalent to 5% bonus shares announcement and not deposited in CDC account of department of Income Tax. However, the Fund has included the bonus shares withheld by the Investee Companies in its investment portfolio, amounting to Rs. 0.5952 million (30 June 2017: Rs. 0.6981 million) on the basis of aforementioned Court order. Had the Fund not included bonus shares withheld by investee companies in its investment portfolio, net asset value at the reporting date would have been lower by Rs. 0.0353 per unit (June 30, 2017: Rs. 0.042 per unit).

6.2 Government securities - Market treasury bills

Purchase date	Tenor	Number of shares				Balance as at 30 June 2018				(%) Percentage in relation to			
		As at 01 July 2017	Purchases during the period	Bonus / Rights during the period	Disposed / matured during the period	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Appreciation / (diminution)	Net assets of the Fund (with market value of investments)	Market value of total investments	Effective rate of return	
		----- Rupees -----						----- (%) -----					
Market treasury bills													
13-Apr-17	3 months	12,000,000		-	(12,000,000)	-	-	-	-	-	-	-	
06-Jul-17	3 months	-	12,000,000	-	(12,000,000)	-	-	-	-	-	-	-	
28-Sept-17	3 months	-	12,000,000	-	(12,000,000)	-	-	-	-	-	-	-	
21-Dec-17	3 months	-	12,000,000	-	(12,000,000)	-	-	-	-	-	-	-	
15-Mar-18	3 months	-	12,000,000	-	(12,000,000)	-	-	-	-	-	-	-	
Total as at 30 June 2018		12,000,000	48,000,000	-	(60,000,000)	-	-	-	-	-	-	-	
Total as at 30 June 2017		18,000,000	58,000,000	-	(64,000,000)	12,000,000	11,990,286	11,990,208	(78)				

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6.3 Unrealized diminution in value of investments classified as 'financial asset at fair value through profit or loss' - net

	Note	2018	2017
		----- Rupees -----	-----
Market value of investments		105,297,073	221,458,116
Less : carrying value of investments		(117,827,655)	(245,331,313)
		<u>(12,530,582)</u>	<u>(23,873,197)</u>

7 Dividend and profit receivable - unsecured, considered good

Dividend receivable on equity securities	7.1	200,731	346,292
Profit receivable on bank deposits		35,769	16,305
		<u>236,500</u>	<u>362,597</u>

7.1 This includes dividend receivable on bonus shares amounting to Rs. 11,946 (2017: 5,891), withheld by investee companies due to facts as stated in note 6.1.1.

8 Advances, deposits, prepayments and other receivables

	Note	2018	2017
		----- Rupees -----	-----
Advance Tax deducted		760,610	646,374
Other receivable from Management Company		211,363	211,363
Prepaid Annual Fee of CDC		12,956	12,956
Security Deposits with CDC		237,500	237,500
		<u>1,222,429</u>	<u>1,108,193</u>

9 Remuneration payable to First Capital Investment Limited - Management Company

Remuneration payable to the Management Company	9.1	176,112	1,162,973
Punjab Sales Tax on remuneration to the Management Co	9.2	28,179	151,186
Federal Excise Duty on remuneration to the Management Company	9.3	3,713,448	3,713,448
		<u>3,917,739</u>	<u>5,027,607</u>

9.1 Under the provisions of the NBFC Regulations 2008, the Management Company of the Fund is entitled to an accrued remuneration of an amount not exceeding two percent per annum of the average annual net assets of the Fund. Management Company has charged remuneration at 2% per annum based on the daily net assets of the Fund during the year ended 30 June 2018.

9.2 The Provincial Government of Punjab levied Punjab Sales Tax at the rate of 16% on the remuneration of the Management Company through the Punjab Sales Tax on Services Act, 2012 effective from 01 July 2012.

9.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively led by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on 4 September 2013.

12/09/2013

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) led by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sind High Court in its decision dated 16 July 2016 in respect of constitutional petition led by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have led appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 3.713 million (2017: Rs. 3.713 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.3382 per unit (30 June 2017: Rs. 0.2236 per unit).

	Note	2018	2017
		----- Rupees -----	
10 Other payables			
Accounting & operational charges	10.1	166,335	217,940
Sindh Sales Tax on accounting & operational charges		21,682	17,435
Sales load payable		-	10,000
		<u>188,017</u>	<u>245,375</u>

- 10.1 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated 25 November 2015 has revised the Non-Banking Finance Companies and Noted Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

11 Remuneration payable to Central Depository Company of Pakistan Limited - Trustee

	Note	2018	2017
		----- Rupees -----	
Remuneration to the Trustee	11.1	57,534	57,534
Sindh Sales tax on remuneration to the Trustee	11.2	7,479	7,479
		<u>65,013</u>	<u>65,013</u>

- 11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily Net Assets Value of the Fund. The fee is paid to the Trustee monthly in arrears.

11/07/2017

Based on the Trust Deed, the tariff structure applicable to the Fund as at 30 June 2018 is as follows:

Net Assets Value	Tariff per annum
Upto Rs 1,000 million	Rs 0.70 million or 0.20% per annum of net assets of the Fund, whichever is higher
Exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% per annum of net assets of the Fund, on amount exceeding Rs 1,000 million

11.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on trustee remuneration.

12 Annual fee payable to Securities and Exchange Commission of Pakistan

Under the provisions of the NBFC Regulations a CIS categorized as an equity scheme is required to pay annual fee to SECP, an amount equal to 0.095% (2017: 0.095%) of the average annual net assets of the Fund. The fee is paid annually in arrears.

	2018	2017
	----- Rupees -----	
13 Accrued expenses and other liabilities		
Auditors' remuneration	774,900	691,200
Listing fees payable	90,000	60,000
Withholding & Capital Gain Tax payable	200,192	208,962
Transaction costs payable	-	3,000
Printing charges payable	24,795	18,750
Sindh Sales Tax payable	-	390
Other payable	49,018	-
	<u>1,138,905</u>	<u>982,302</u>

14 Unclaimed dividend

This mainly includes an amount of Rs. 9.51 million (2017: Rs. 8.81 million) not paid to Salman Taseer (Late) due to pending adjudication for issuance of succession certificate before the Honorable Lahore High Court.

15 Provision for Workers' Welfare Fund

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honorable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The Mutual Fund Association of Pakistan (MUFAP), after deliberating the position and obtaining advice from the legal counsel, decided that the provision for WWF held for the period from 1 January 2013 to 30 June 2015 should be reversed effective from 12 January 2017.

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16 Contingencies and commitments

The Fund had no contingency or commitment at the year end except as disclosed in note 6.1.1

	2018	2017
17 Number of units in issue	----- Number of units -----	
Total units in issue at the beginning of the year	16,604,097	16,475,941
Add: units issued during the year	6,241	698,716
Less: units redeemed during the year	(5,629,325)	(570,560)
Total units in issue at the end of the year	<u>10,981,013</u>	<u>16,604,097</u>

18 Securities transaction costs

This represents brokerage commission, Sindh Sales Tax, Capital Value Tax and settlement charges relating to sale and purchase of equity securities.

	2018	2017
19 Auditors' remuneration	----- Rupees -----	
Annual audit fee	550,000	550,000
Half yearly review fee	330,000	330,000
Other certifications and services	-	20,000
Punjab Sales Tax	100,321	100,321
Out of pocket expenses	72,379	45,000
Reversal of prior year audit expense	-	(46,121)
	<u>1,052,700</u>	<u>999,200</u>

20 Taxation

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. During the year ended 30 June 2018, the fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2018.

21 Reconciliation of liabilities arising out of financing activities

	Receivable against sale of units	Payable against redemption of units	Dividend payable / Unclaimed dividend	Total
	----- Rupees -----			
Opening balance as at 01 July 2017	-	-	11,672,005	11,672,005
Receivable against issuance	74,000	-	-	74,000
Payable against redemption	-	56,495,582	-	56,495,582
Dividend	-	-	8,762,256	8,762,256
	74,000	56,495,582	8,762,256	65,331,838
Amount received on issuance	(74,000)	-	-	(74,000)
Amount received on redemption of units	-	(56,495,582)	-	(56,495,582)
Dividend paid	-	-	(6,243,236)	(6,243,236)
	(74,000)	(56,495,582)	(6,243,236)	(62,812,818)
Closing balance as at 30 June 2018	<u>-</u>	<u>-</u>	<u>14,191,025</u>	<u>14,191,025</u>

14,191,025

22 Total Expense Ratio

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 4.15% per annum. Total expense ratio (excluding government levies) is 3.56% per annum.

23 Financial instruments by category

Assets

Bank balances	14,617,436	-	14,617,436
Investments	-	105,297,073	105,297,073
Dividend and profit receivable - unsecured, considered	236,500	-	236,500
Advances, deposits, prepayments and other receivables	448,863	-	448,863
	<u>15,302,799</u>	<u>105,297,073</u>	<u>120,599,872</u>

Liabilities

Payable to First Capital Investment Limited - Management Company	-	4,105,756	4,105,756
Remuneration payable to Central Depository Company of Pakistan Limited - Trustee	-	65,013	65,013
Annual fee payable to Securities and Exchange Commission of Pakistan	-	158,444	158,444
Accrued expenses and other liabilities	-	938,713	938,713
Unclaimed dividend	-	14,191,025	14,191,025
	-	19,458,951	19,458,951

Assets

Bank balances	3,418,018	-	3,418,018
Investments	-	221,458,116	221,458,116
Dividend and profit receivable - unsecured, considered	362,597	-	362,597
Advances, deposits, prepayments and other receivables	883,874	-	883,874
	<u>4,664,489</u>	<u>221,458,116</u>	<u>226,122,605</u>

12/06/2018

	As at 30 June 2017		
	At fair value through profit and loss	At amortised cost	Total
	----- Rupees -----		
<u>Liabilities</u>			
Payable to First Capital Investment Limited - Management Company	-	5,272,982	5,272,982
Remuneration payable to Central Depository Company of Pakistan Limited - Trustee	-	65,013	65,013
Annual fee payable to Securities and Exchange Commission of Pakistan	-	207,043	207,043
Accrued expenses and other liabilities	-	773,340	773,340
Unclaimed dividend	-	11,672,005	11,672,005
	-	17,990,383	17,990,383

24 Earnings per unit

Earnings per unit (EPU) have not been disclosed as in the opinion of the management, determination of weighted average number of outstanding units for calculating EPU is not practicable.

25 Transactions with connected persons / related parties

Connected persons include First Capital Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee of the Fund, all Group Companies, any person or company beneficially owning ten percent or more of the capital of the Management Company or net assets of the Fund and unit holders holding 10 percent or more units of the Fund and Directors and Key Management Personnel of the Management Company as at 30 June 2018.

The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and Trust Deed respectively as disclosed in note 9 and 11 to these financial statements.

	2018	2017
	----- Rupees -----	
25.1 Transactions for the year		
The Management Company		
Remuneration charged for the year	3,335,673	4,358,786
Punjab Sales Tax on remuneration of the Management Company*	533,708	697,406
Remuneration paid	4,292,456	3,512,173
Dividend paid	3,694,379	13,901,147
Issuance of nil Units (2017: 322,609)	-	4,500,000
Redemption of 4,200,217 (2017: 158,391) units	41,000,000	2,014,594

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* Punjab Sales Tax is paid to the Management Company for onwards payment to the Government.

	2018	2017
Trustee	----- Rupees -----	
Remuneration charged for the year	700,000	700,000
Remuneration paid	700,000	700,000
Sindh Sales Tax on remuneration of the Trustee	91,000	91,000
Settlement charges inclusive of Sindh Sales Tax	17,800	38,771
Sindh Sales Tax on settlement charges	2,314	5,040
CDS Fee paid	76,275	76,275
CDS Fee amortised during the year	76,275	76,725
First Capital Equities Limited - Group Company		
Brokerage commission	42,980	119,324
Dividend declared	596	2,295
First Capital Securities Corporation Limited - Group Company		
Issuance of nil Units (2017: 162,973)	-	2,300,000
Redemption of 300,000 (2017: 162,973) units	3,300,480	2,354,025
Dividend declared	78,242	429,204
Salman Taseer (Late) - Holder of more than 10% shares of the Management Company		
Dividend declared	696,597	2,683,138
25.2 Outstanding balances as at year end		
The Management Company		
Remuneration payable inclusive of taxes thereon	3,917,739	5,027,607
Other receivable	188,017	245,375
Units held: 6,910,698 units (2017: 11,110,915 units)	64,011,722	139,285,323
Trustee		
Remuneration payable inclusive of taxes thereon	65,013	65,013
Security deposit	237,500	237,500
Settlement charges payable inclusive of taxes thereon	3,390	3,390
Prepaid Fee	12,956	12,956
First Capital Equities Limited - Group Company		
Units held: 1,793 units (2017: 1,793 units)	22,477	22,477
First Capital Securities Corporation Limited - Group Company		
Units held: 35,316 units (2017: 335,316 units)	327,122	4,203,483
Salman Taseer (Late) - Holder of more than 10%		
Units held: 2,096,201 units (2017: 2,096,201 units)	26,277,771	26,277,771
Key management personnel of the Management Company		
Units held: 2363 units (2017: 602 units)	7,549	14,036

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26 Details of pattern of unit holding

Category	2018			
	Number of unit holders	Number of Units held	Investment amount	Percentage
	----- Rupees -----			
Individuals	1,941	3,894,230	36,071,251	35.46%
Associated companies / Directors	7	6,949,732	64,373,579	63.29%
Bank/DFI	2	15,893	147,209	0.14%
Retirement Funds	15	105,847	980,429	0.96%
Others	11	15,311	141,827	0.14%
	1,976	10,981,013	101,714,295	100%

Category	2017			
	Number of unit holders	Number of Units held	Investment amount	Percentage
	----- Rupees -----			
Individuals	1,943	4,016,526	50,350,834	24.19%
Associated companies / Directors	6	11,449,228	143,526,575	68.95%
Bank/DFI	11	56,949	713,914	0.34%
Retirement Funds	2	15,893	199,228	0.10%
Others	16	1,065,501	13,357,028	6.42%
	1,978	16,604,097	208,147,579	100%

27 Particulars of the Investment Committee and Fund Manager

Details of members of the Investment Committee of the Fund are as follows:

Sr. No.	Name	Designation	Qualification	Experience in years
1	Imran Hafeez	Chief Executive Officer	Affiliate of ICAP Associate member of PIPFA	15 Years
2	Syed Asad Abbas Zaidi	Chief Financial Officer	Master of Business Administration	12 Years
3	Syed Ghazanfar Ali Bukhari	Chief Investment Officer / Fund Manager	Master of Economics	17 Years

27.1 No other fund is being managed by Mr. Syed Ghazanfar Ali Bukhari.

28 Top ten brokers by percentage of commission paid

List of brokers by percentage of commission paid during the year ended 30 June 2018 :

S. No.	Broker's Name	2018	2017
----- Percentage (%) -----			
1	First Capital Equities Limited	12.68%	13.67%
2	Fortune Securities Limited	12.63%	8.10%
3	Arif Habib Limited	11.82%	8.15%
4	Ismail Iqbal Securities (Pvt) Ltd	11.53%	9.10%
5	AKD Securities Limited	10.65%	10.65%
6	Next Capital Limited	9.49%	8.79%
7	BMA Capital Management Ltd	9.15%	9.03%
8	MSMANIAR Financials (Pvt) Ltd	7.33%	8.87%
9	Elixir Securities Pakistan (Pvt) Ltd	5.92%	4.42%
10	Pearl Securities Limited	3.56%	3.56%

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29 Attendance at meetings of Board of Directors of Management Company

The board meetings were held on 03 October 2017, 27 October 2017, 26 February 2018, 24 April 2018. Information in respect of attendance by the directors in the meeting is given below:

Name of persons attending the meetings	Number of meetings			Meetings not attended
	Held during the tenure of directorship	Attended	Leave granted	
Syed Nadeem Hussain	4	3	1	2nd
Mr. Imran Hafeez	4	4	-	-
Mr. Jawad Saleem	4	4	-	-
Mr. Asif Pervaiz	4	4	-	-

30 Financial Risk Management

The Fund's objective in managing risk is the creation and protection of unit holder's value. Risk is inherent in the activities of the Fund, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies. The audit committee oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The management of these risks is also carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the NBFC Regulations, Offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of listed equity securities and money market investments. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.1 Credit risk

Credit risk represents the risk of a loss that would be recognized at the reporting date if counterparties to a financial instrument fails to meet its contractual obligations. Credit risk arises from deposits with banks, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments, deposits and other receivables and accrued income on bank deposits. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection.

30.1.1 Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

Credit rating is managed and controlled by the Management Company of the Fund in the following manner:

- Cash is held only with reputable banks with high quality external credit enhancements.

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- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimize the risk of default and transactions are settled or paid for only upon delivery.

30.1.2 Exposure to credit risk

The Fund identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

		2018		2017	
		Carrying value of Financial Assets	Maximum exposure	Carrying value of Financial Assets	Maximum exposure
	Note	----- Rupees -----			
Bank balances	5	14,617,436	14,617,436	3,434,323	3,434,323
Dividend and profit receivable - unsecured, considered good	7	236,500	236,500	346,292	346,292
Deposits and other receivables	8	448,863	448,863	1,095,237	1,095,237
		15,302,799	15,302,799	4,875,852	4,875,852

Investments in equity securities of Rs. 105.29 million (2017: Rs. 209.44 million) and investments in Government securities of nil (2017: Rs. 11.99 million) are not exposed to credit risk.

30.1.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution is as follows:

	2018		2017	
	Rupees	Percentage	Rupees	Percentage
Banking companies	14,653,205	95.76%	3,418,018	73.53%
Connected persons	448,863	2.93%	883,874	19.02%
Others	200,731	1.31%	346,292	7.45%
	<u>15,302,799</u>	<u>100%</u>	<u>4,648,184</u>	<u>100%</u>

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates its risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

30.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Fund. Following are the credit ratings of counterparties with external credit ratings:

Banks and financial institutions

Bank	Rating		Rating agency	2018	2017
	Long term	Short term		Rupees	Rupees

Bank balances including profit receivable

Habib Metropolitan Bank Limited	AA+	A1+	PACRA	14,599,855	3,394,778
Total exp Muslim Commercial Bank Limited	AAA	A1+	PACRA	<u>17,581</u>	<u>23,240</u>
				<u>14,617,436</u>	<u>3,418,018</u>

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30.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Fund is exposed to cash redemption of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by SECP.

Management of liquidity risk

The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its investments in marketable securities, which under normal circumstances are readily convertible into cash. As a result may be able to liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement is a T+2 system, which means proceeds from sales (to pay of redemptions) of holdings will be received on the second working day after the sale, while redemptions have to be paid within a period of six working days from the date of redemption request.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, the Fund did not withhold any redemption requests during the year.

Maturity analysis for financial liabilities

The table below indicates the contractual maturities of the Fund's financial liabilities at the reporting date. The amounts in the table are the contractual undiscounted cash flows as on :

		2018			
		Financial liabilities	Up to three months	More than three months and up to one year	Total
<u>Non-derivative financial liabilities</u>		----- Rupees -----			
Remuneration payable to the Management Company (excluding Punjab Sales Tax and FED)	9	176,112	176,112	-	176,112
Remuneration payable to Trustee (excluding Sindh Sales tax)	10	57,534	57,534	-	57,534
Annual fee payable to SECP	12	158,444	158,444	-	158,444
Unclaimed dividend		14,191,025	14,191,025	-	14,191,025
Accrued expenses and other liabilities	13	938,713	938,713	-	938,713
		<u>15,521,828</u>	<u>15,521,828</u>	<u>-</u>	<u>15,521,828</u>
		2017			
		Financial liabilities	Up to three months	More than three months and up to one year	Total
<u>Non-derivative financial liabilities</u>		----- Rupees -----			
Remuneration payable to the Management Company (excluding Punjab Sales Tax and FED)	9	1,162,973	1,162,973	-	1,162,973
Remuneration payable to Trustee (excluding Sindh Sales tax)	10	57,534	57,534	-	57,534
Annual fee payable to SECP	12	207,043	207,043	-	207,043
Unclaimed dividend		11,672,005	11,672,005	-	11,672,005
Accrued expenses and other liabilities	13	773,340	773,340	-	773,340
		<u>13,872,895</u>	<u>13,872,895</u>	<u>-</u>	<u>13,872,895</u>

30.3 Market risk

Market risk is the risk that the change in fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

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30.3.1 Management of market risk

The Management Company manages the market risk through diversification of the investment portfolio by exposures and by following the internal guidelines established by the investment committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

30.3.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

30.3.3 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flows interest rate risk. In case of 100 basis points increase / decrease in market rates as at 30 June 2018 with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 0.1461 million (2017: Rs. 0.0341 million).

b) Fair value sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

30.3.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified on the Statement of Assets and Liabilities as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document / the NBFC Regulations also limit individual equity securities to no more than 10% of net assets of the Fund, or issued capital of the investee company and sector exposure limit to 30% of net assets.

30.3.5 Fair value sensitive analysis

In case of 5% increase / decrease in the KSE 100 index, net income for the year ended 30 June 2018 would increase / decrease by Rs. 5.08 million (2017: Rs. 10.41 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in KSE 100 Index having regard to historical volatility of the index. The composition of the Fund's investment portfolio and the correlation, thereof, to the KSE 100 Index is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

31 Unit holder's fund risk management

The Fund's capital is represented by the net assets attributable to unit holders / redeemable units. The unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holder's fund.

The Fund has no restrictions or specific funding requirements on the subscription and redemption of units.

The Fund's objectives when managing unit holder's fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests. Such liquidity being augmented by disposal of investments where necessary.

As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirements of minimum fund size during the year.

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32 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of underlying financial assets are determined based on requirement of regulation 66(a) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 and directives if any issued by SECP. The fair value of financial assets traded in active market i.e. listed securities are based on quoted market price at stock exchange as determined in accordance with its regulations.

IFRS 13 'Fair Value Measurement' requires the Fund to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value		
		Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
As at 30 June 2018	Note	Rupees						
<u>Financial assets - measured at fair value</u>								
Investments								
- listed equity securities	6.1	105,297,073	-	-	105,297,073	105,297,073	-	105,297,073
<u>Financial assets - not measured at fair value</u>								
Bank balances	5	-	14,617,436	-	14,617,436	-	-	-
Dividend and profit receivable	7	-	236,500	-	236,500	-	-	-
Deposits and other receivables	8	-	448,863	-	448,863	-	-	-
		105,297,073	15,302,799	-	120,599,872	105,297,073	-	105,297,073
<u>Financial liabilities - not measured at fair value</u>								
Remuneration payable to Management Company	9.1	-	-	176,112	176,112	-	-	-
Remuneration payable to Trustee	11.1	-	-	57,534	57,534	-	-	-
Annual fee payable to Securities and Exchange Commission of Pakistan	12	-	-	158,444	158,444	-	-	-
Accrued expenses and other liabilities	13	-	-	938,713	938,713	-	-	-
Unclaimed dividend		-	-	14,191,025	14,191,025	-	-	-
		-	-	15,521,828	15,521,828	-	-	-

1407/2018

	Carrying amount				Fair value		
	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
<i>Note</i>	----- Rupees -----						
6.1	209,467,908	-	-	209,467,908	209,467,908	-	209,467,908
6.2	11,990,208	-	-	11,990,208	-	11,990,208	11,990,208
5	-	3,418,018	-	3,418,018	-	-	-
7	-	362,597	-	362,597	-	-	-
8	-	883,874	-	883,874	-	-	-
	221,458,116	4,664,489	-	226,122,605	209,467,908	11,990,208	221,458,116
9.1	-	-	5,272,982	5,272,982	-	-	-
11.1	-	-	65,013	65,013	-	-	-
12	-	-	207,043	207,043	-	-	-
13	-	-	773,340	773,340	-	-	-
	-	-	11,672,005	11,672,005	-	-	-
	-	-	17,990,383	17,990,383	-	-	-

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33 Date of authorization for issue

These financial statements were authorized for issue on October 05, 2018 by the Board of Directors of the Management Company.

34 General

Figures have been rounded off to the nearest rupee.

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Chief Executive

For First Capital Investments Limited
(Management Company)


Chief Financial Officer
Director